

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE EFFECTS OF THE FEDERAL TAX REFORM)	
ACT OF 1986 ON THE RATES OF GENERAL)	CASE NO.
TELEPHONE COMPANY OF THE SOUTH)	9800

and

In the Matter of:

ADJUSTMENT OF RATES OF GENERAL)	CASE NO.
TELEPHONE COMPANY OF THE SOUTH)	9678

O R D E R

On January 21, 1987, General Telephone Company of the South ("GenTel") by counsel, filed a motion for Consolidation of Case No. 9800, the case dealing with the effects of the Federal Tax Reform Act of 1986, with Case No. 9678, the adjustment of rates of GenTel.

On January 28, 1987, AT&T Communications of the South Central States, Inc., ("AT&T") by counsel, filed a Response in Opposition to the Motion for Consolidation of cases.

GenTel asserts that the current rate case is the appropriate place in which to deal with the tax reform issues for several reasons: (1) combining the cases will decrease the time and expense involved; (2) the effects of the tax reform act will be disseminated more quickly if the cases are consolidated; (3) it is not in the public interest to adjust rates through a general rate case and shortly thereafter readjust rates to recognize the

effect of the Tax Reform Act; and (4) GenTel has already filed all relevant tax information in the general rate case.

AT&T claims that if the general rate case and the Tax Reform Act case are merged it will be unfairly deprived of an opportunity to address the effects of the Federal Tax Reform Act of 1986 upon access charges.

The Commission, upon consideration and being advised, finds that:

1. Consolidating the general rate case and the effect of the Tax Reform Act case will be the most efficient method of addressing the tax issues of GenTel.

2. The interests of AT&T can be adequately safeguarded by participation in the docket which the Commission has devoted to access charges, Case No. 8838, or any proposals it cares to make in this case. Therefore, merging does not preclude AT&T from participating in any manner in the general rate case.

IT IS THEREFORE ORDERED that:

1. GenTel's Motion for consolidating Case No. 9800, The Effects of the Federal Tax Reform Act of 1986 on the Rates of General Telephone Company of the South, and Case No. 9678, Adjustment of Rates of General Telephone Company of the South, shall be and it hereby is granted.

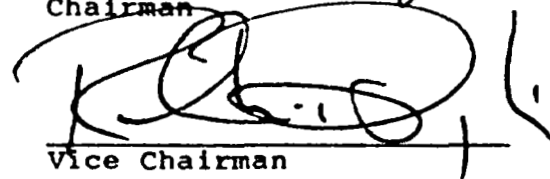
2. GenTel's motion for a waiver of filing requirements in Case No. 9800 shall be and it hereby is granted.

3. AT&T's Response in Opposition to GenTel's Motion for Consolidation of Cases shall be and it hereby is denied.

Done at Frankfort, Kentucky, this 4th day of February, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director